

5. (REQUEST FOR DEFERMENT OF COMMENCEMENT OF OPERATIONS, MONTEREY OIL COMPANY - P.R.C. 1550.1.)

Following presentation of Calendar Item No. 16 attached, and upon questioning by the Chairman, Mr. Hortig reported that eight dry holes had been drilled so far under the subject lease, and he reminded the Commission of the large bonus which had been paid by the Monterey Oil Company at the time the lease was issued.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO MONTEREY OIL COMPANY, AS OPERATOR UNDER OIL AND GAS LEASE P.R.C. 1550.1, A FURTHER DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER LEASE P.R.C. 1550.1 TO OCTOBER 16, 1957. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS DURING THE PERIOD OF THE DEFERMENT:

1. INITIATE OPERATIONS ON THE LEASE.
2. QUITCLAIM THE ENTIRE LEASE AREA.
3. PRESENT NEW ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.

Attachment

Calendar Item 16 (1 page)

OIL & GAS

16.

(REQUEST FOR DEFERMENT OF COMMENCEMENT OF OPERATIONS, MONTEREY OIL COMPANY - P.R.C. 1550.1.)

A request dated March 1, 1957 has been received from the Monterey Oil Company, operator under Oil and Gas Lease P.R.C. 1550.1, for an additional deferment of the time to commence operations under Lease P.R.C. 1550.1. On September 27, 1956 (Minute Item 9, pages 2811-12) the Commission authorized the deferment of drilling and operating requirements under Lease P.R.C. 1550.1 to April 16, 1957. During the period of the deferment the lessee has prosecuted an exploration program with mobile marine equipment at a cost reported in excess of one million dollars. The last exploration hole drilled under this program was completed February 23, 1957. In addition, a detailed seismic survey of the resurvey of the lease was also completed. It is now felt that the remaining time in the deferment to April 16, 1957 is insufficient to study, correlate and evaluate the subsurface information and seismic data which have been obtained. Therefore the Monterey Oil Company as operator for Lease P.R.C. 1550.1 has requested a further extension of six months to October 16, 1957 within which to commence operations under the terms of the lease.

IT IS RECOMMENDED THAT THE EXECUTIVE OFFICER BE AUTHORIZED TO GRANT MONTEREY OIL COMPANY, AS OPERATOR UNDER OIL AND GAS LEASE P.R.C. 1550.1, A FURTHER DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER LEASE P.R.C. 1550.1 TO OCTOBER 16, 1957. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS DURING THE PERIOD OF THE DEFERMENT:

1. INITIATE OPERATIONS ON THE LEASE.
2. QUITCLAIM THE ENTIRE LEASE AREA.
3. PRESENT NEW ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.